

When a carrier performs an 800 database query and translates the 800 number into a POTS number (as described in my testimony on Issue 10a above), it routes that POTS number to the POTS interconnection trunks for completion to the terminating carrier. The originating carrier is then expected to deliver an end user billing record to the terminating carrier so that the 800 customer can be billed for the terminating usage. In addition, the originating carrier bills originating access to the terminating carrier. In the event that these billing records are not provided, the terminating carrier is unable to bill its 800 customer and is therefore relieved of its obligation to compensate the originating carrier. The Parties have agreed to this exchange of end user billing records under Section 21.9.2.

Q. WHAT IS SBC ILLINOIS' OBJECTION TO AT&T's PROPOSED LANGUAGE IN SECTION 21.9.3?

A. Since the Parties have agreed under Section 21.9.4 that the terminating carrier will compensate the originating carrier for 800 service traffic, it is redundant to also state under Section 21.9.3 that the terminating carrier will not bill the originating carrier to terminate the call. I am not aware of any service whereby the originating carrier and the terminating carrier bill each other for the same usage. Aside from being inconsistent with either called party pays or calling party pays principles, it would be nonsensical.

Furthermore, AT&T's language fails to address the circumstance under which the originating carrier fails to supply the required billing records to the terminating carrier. In this instance, because a terminating 800 call that has been translated to a POTS number is delivered to the terminating carrier over the POTS interconnection trunks as a POTS call, there is no way for the terminating carrier to recognize this call as an 800 call

1216 in order to suppress billing. AT&T's witness Karen Moore implies that it is the
1217 terminating carrier that has the responsibility to identify 800 traffic it receives and supply
1218 a report to the originating carrier. In reality, the opposite is true. As I stated, unless the
1219 originating carrier supplies detailed call records to the terminating carrier, the terminating
1220 carrier has no knowledge that it has even received an 800 call.

1221 **Q. HOW SHOULD THE COMMISSION RULE ON ISSUE 10?**

1222 A. SBC Illinois has proposed language in Sections 21.9.1 and 21.9.4 that is consistent with
1223 industry practice regarding intercarrier compensation for 800 service traffic. In contrast,
1224 AT&T seeks to redefine how such traffic is handled based on location of the end users.
1225 In addition, AT&T's proposed language in Section 21.9.3 regarding billing suppression is
1226 unnecessary and should be rejected. The Commission should support industry standard
1227 intercarrier compensation by adopting SBC Illinois' language and rejecting AT&T's.

1228 **ISSUE 11: Should AT&T Be Able To Charge An Access Rate Higher Than The**
1229 **Incumbent Without A Cost Study?**

1230 **(Intercarrier Compensation Section 21.12.1)**

1231 **Q. WHAT IS THE DISPUTE REGARDING RATES FOR INTRALATA TOLL**
1232 **CALLS?**

1233 A. The Parties have agreed in Section 21.12.1 to charge each other for termination of
1234 intraLATA toll calls in accordance with each Party's access tariffs, as opposed to local
1235 reciprocal compensation. SBC Illinois has proposed additional language that would not
1236 permit AT&T to charge SBC Illinois intercarrier intraLATA toll rates greater than the
1237 rates SBC Illinois' charges AT&T. AT&T objects to SBC Illinois' proposed language
1238 and contends that each carrier's tariff should apply, even if the switched access rates are
1239 asymmetrical. The question is whether, for the intraLATA toll traffic described in

1240 Section 21.12.1, AT&T should charge SBC Illinois AT&T's unsupported switched
1241 access rate, or whether AT&T's rate should be limited to SBC Illinois' switched access
1242 rate, which has been filed by SBC Illinois with supporting costs and is subject to review
1243 by this Commission.⁴¹

1244 AT&T also disputes SBC Illinois' language in Section 21.12.1 limiting common
1245 transport and tandem switching rate elements to those circumstances where a Party's
1246 tandem is used to terminate traffic. This language directly relates to the dispute regarding
1247 Section 21.4 and is addressed in Craig Mindell's testimony under Issue 8b.

1248 **Q. IN TESTIMONY, AT&T's WITNESS (RHINEHART) STATES IN RESPONSE**
1249 **TO Q28 THAT ACCESS RATES ARE BEYOND THE SCOPE OF THIS**
1250 **AGREEMENT. HOW DO YOU RESPOND?**

1251 A. I find that contention bizarre. Inter-carrier Compensation Section 21.12.1, *in agreed*
1252 *language*, already governs the access rates the parties will pay each other for these calls --
1253 it says each party will charge the other its tariffed access rates. The only question is
1254 whether the rates AT&T is going to charge under that agreed provision will be capped.
1255 Having agreed to an interconnection agreement provision that will govern the access rates
1256 each party charges the other, AT&T can hardly assert that the subject is off limits for this
1257 arbitration.

1258 **Q. WHY IS SBC ILLINOIS' PROPOSED LANGUAGE FAIR?**

1259 A. AT&T's access rates bear no substantiated relationship to its costs. In contrast, SBC
1260 Illinois' switched access rates and supporting costs sustain careful scrutiny before being

⁴¹ Interim Order, ICC Case No. 02-0427 (Dec. 11, 2002), at 11.

1261 adopted by the Commission. SBC Illinois' access rates serves as a reasonable proxy for
1262 AT&T in absence of any cost support supplied by AT&T itself.

1263 Moreover, AT&T will enjoy the benefit of charging SBC Illinois local reciprocal
1264 compensation based on the presumption that AT&T's rate for transporting and
1265 terminating local traffic mirrors SBC Illinois' local rate.⁴² As a matter of fundamental
1266 fairness and sound policy, and given AT&T's acceptance of symmetrical rates for local
1267 traffic, AT&T should not be permitted to charge SBC Illinois for intraLATA toll calls at
1268 rates any greater than SBC Illinois' tariffed switched access rates.

1269 **Q. HOW HAS THE COMMISSION ADDRESSED THIS ISSUE BEFORE?**

1270 A. This very issue was raised in the TDS Metrocom ("TDS") arbitration, ICC Docket
1271 No. 01-0338, under Issue No. 26 (TDS-112). The question posed was "What process and
1272 rate should apply when Ameritech is the mandatory Primary Toll Carrier ("PTC"), and
1273 the Commission found in SBC Illinois' favor.

1274 The Commission's decision is that TDS should charge Ameritech's
1275 tariffed rates for terminating access when Ameritech is the primary
1276 toll carrier until TDS is able to document its actual costs for
1277 terminating that toll traffic.⁴³

1278 The same issue was raised under Issue No. 27 (TDS-119) concerning intrastate
1279 intraLATA toll service traffic. Both Parties relied on their positions under the PTC issue
1280 I reference above. The Commission concluded, "that Ameritech's language should be

⁴² The Parties agree that reciprocal compensation rates shall be symmetrical under Section 21.4.

⁴³ Arbitration Decision, Case No. 01-0338 (Aug. 8, 2001), at 50.

1281 adopted, with the additional language that a party may offer a showing that its rates are
1282 cost based as suggested by TDS.”⁴⁴

1283 **Q. WHY IS AT&T’s PROPOSAL UNREASONABLE?**

1284 A. AT&T is asking the Commission to require SBC Illinois to pay AT&T at access rates that
1285 are unsupported by any costs. AT&T has set its access rates at whatever levels it chose,
1286 and is free to change those rates at any time. Under AT&T’s proposed language, SBC
1287 Illinois must deliver intraLATA toll calls to AT&T’s customers at whatever rates AT&T
1288 is permitted to charge under its tariff for IXCs. Yet SBC Illinois does not have the same
1289 option IXCs have to discontinue providing service to AT&T. Given that AT&T has no
1290 cost support for its access rates, and considering that SBC Illinois has no choice but to
1291 deliver intraLATA toll calls to AT&T, AT&T’s request is unreasonable.

1292 **Q. WHY IS SBC ILLINOIS’ PROPOSAL LOGICAL?**

1293 A. There is a compelling logic to SBC Illinois’ proposal. Under the FCC’s rules, SBC
1294 Illinois pays AT&T reciprocal compensation for local traffic at rates equal to the rates
1295 that SBC Illinois charges AT&T for terminating AT&T’s local-originated traffic.
1296 (47 C.F.R. § 51.711.) The principal rationale for Rule 51.711 is that SBC Illinois’ costs
1297 for transporting and terminating local traffic are a reasonable proxy for AT&T’s costs for
1298 performing the same functions.⁴⁵ That same rationale, applied to intraLATA toll traffic,
1299 leads to the conclusion that SBC Illinois’ tariffed switched access rates are a reasonable
1300 proxy for the rates that AT&T should charge SBC Illinois for performing the same

⁴⁴ *Id.* at 51.

⁴⁵ *First Report and Order* at ¶ 1085.

service. Symmetrical compensation is consistent with the FCC's principle that like traffic should be compensated at like rates. Indeed, as the FCC has explained, it is the CLECs themselves that have advocated this principle on the theory that rate symmetry "is needed to ensure efficient competition" and "will lead to economically efficient outcomes."⁴⁶

Q. WHY DO YOU THINK THAT AT&T WANTS COMPENSATION AT ASYMMETRICAL RATES?

A. I am not privileged to AT&T's business plan, but on the surface it appears that AT&T may attempt to game the process by charging a higher rate than SBC Illinois would charge. While AT&T may have tariffed its rates, there is no cost basis for these rates because AT&T does not have to file its costs. There is no reason to think that AT&T's costs are higher than SBC Illinois'. Moreover, the FCC has explained that "incumbent LECs' costs . . . serve as reasonable proxies for other carriers' costs of transport and termination for the purpose of reciprocal compensation."⁴⁷

Q. WHY ISN'T IT MORE APPROPRIATE FOR THE CARRIERS TO COMPENSATE ONE ANOTHER FOR TOLL CALLS DIRECTLY OUT OF THEIR EXCHANGE ACCESS TARIFFS?

A. For one thing, such compensation would be inconsistent with the principle of rate symmetry noted above. For another, the FCC has made it quite clear that exchange access tariffs are appropriate where *three* carriers – including an IXC – collaborate to complete a call, not where two parties do so. Thus, for example, the FCC stated that

⁴⁶ *Id.* at ¶¶ 1074-1075.

⁴⁷ *Id.* at ¶ 1088.

1322 “[a]ccess charges were developed to address a situation in which three carriers –
1323 typically, the originating LEC, the IXC, and the terminating LEC – collaborate to
1324 complete a long-distance call.”⁴⁸ “By contrast,” the FCC continued, “reciprocal
1325 compensation for transport and termination of calls is intended for a situation in which
1326 two carriers collaborate to complete a local call.”⁴⁹

1327 **Q. BUT DIDN'T THE FCC MAKE THOSE COMMENTS IN CONNECTION WITH**
1328 **ITS HOLDING THAT RECIPROCAL COMPENSATION IS CONFINED TO**
1329 **“LOCAL” TRAFFIC?**

1330 A. Yes. However, the Parties plainly can agree to provide reciprocal compensation for non-
1331 local traffic. By the same token, the Commission may require AT&T to exchange
1332 intraLATA traffic with SBC Illinois at symmetrical rates. As the FCC has found, and as
1333 the CLECs themselves have argued, that is the efficient result.

1334 **Q. HAS THE FCC ADDRESSED CLEC ACCESS RATES WITH RESPECT TO**
1335 **IXCs?**

1336 A. The FCC addressed reform of access charges imposed by CLECs in its Seventh Report
1337 and Order, FCC 01-0146, *In the Matter of Access Charge Reform; Reform of Access*
1338 *Charges Imposed by Competitive Local Exchange Carriers*, 16 FCC Rcd. 9923 (April 27,
1339 2001) (“*CLEC Access Reform Order*”). And while this Order specifically addresses
1340 CLECs’ interstate access charges, the FCC’s rationale represents sound logic that is
1341 pertinent to the intraLATA toll rate at issue here.

⁴⁸ *First Report and Order* at ¶ 1034.

⁴⁹ *Id.*

1342 **Q. BRIEFLY SUMMARIZE THE FCC's CONCLUSIONS IN THE *CLEC ACCESS***
1343 ***REFORM ORDER*.**

1344 A. The FCC recognized that CLECs' interstate access charges were, in many cases, far in
1345 excess of the ILECs' rates, and likely shifted an inappropriate share of the carriers' costs
1346 to the IXCs.⁵⁰ To avoid rate shock to the CLECs while rectifying this anomaly, the FCC
1347 instituted a three-year transition period with decreasing rate caps each year until the end
1348 of the third year, at which point the CLECs' rates could not exceed the rates of the
1349 relevant ILECs.⁵¹ CLECs are permitted to negotiate higher rates with IXCs, but in the
1350 event they cannot reach agreement, the FCC's benchmark rate will prevail.⁵²

1351 **Q. ARE THE FCC's BENCHMARK RATES APPROPRIATE PROXIES FOR**
1352 **AT&T's RATES?**

1353 A. No, they are not. The FCC's benchmark rates reflect a composite of all components of
1354 the interstate access rate structure, while ILEC to CLEC termination charges are
1355 generally limited to rate elements specific to intraLATA toll traffic exchanged between
1356 two local exchange carriers.

1357 **Q. SINCE THE FCC's BENCHMARKS SHOULD NOT BE APPLIED FOR**
1358 **PURPOSES OF THIS AGREEMENT, HOW IS THE FCC's *CLEC ACCESS***
1359 ***REFORM ORDER* RELEVANT?**

1360 A. The *CLEC Access Reform Order* is not controlling in this case. What is relevant here is
1361 the rationale used by the FCC in reaching its conclusions. CLECs' access rates often
1362 unfairly shift the burden of their costs to other carriers. That is true regardless of the

⁵⁰ *CLEC Access Reform Order* at ¶ 22.

⁵¹ *Id.* at ¶¶ 51-52.

⁵² *Id.* at ¶ 3.

1363 carriers involved, whether IXC or ILEC. And the FCC plainly recognizes that the
1364 ILECs' rates are a reasonable proxy for CLECs. Importantly, the FCC concluded that
1365 CLECs may, in fact, negotiate access rates that are higher than the ILECs' rates, but if
1366 both carriers don't agree, the ILECs' rates prevail.

1367 **Q. HOW SHOULD THE COMMISSION RESOLVE THIS ISSUE?**

1368 A. AT&T is seeking to establish intraLATA toll terminating rates that are higher than SBC
1369 Illinois' and that can increase during the life of the agreement without SBC Illinois'
1370 consent or meaningful Commission oversight. The Commission denied a similar request
1371 from TDS and should likewise deny AT&T's request. The Commission should adopt
1372 SBC Illinois' proposed language in Section 21.12.1.

1373 **ISSUE 12: Should Combined Traffic On The Feature Group D Trunks Be**
1374 **Jurisdictionally Allocated For Compensation Purposes?**

1375 **(Intercarrier Compensation Section 21.15.2)**

1376 **Q. PLEASE EXPLAIN THIS ISSUE.**

1377 A. In Section 21.15.2, AT&T (the CLEC) has proposed language that would allow either
1378 Party to combine originating local and intraLATA toll traffic with interexchange access
1379 traffic on an IXC's Feature Group D ("FG-D") exchange access trunks, and to report to
1380 the other Party the factors necessary for proper billing of such combined traffic.
1381 Presumably, AT&T is referring to its own IXC affiliate ("AT&T IXC"), but does not
1382 make that clear in its proposed language. Since SBC Illinois does not believe it is
1383 appropriate and therefore has no intention of delivering local and intraLATA toll traffic
1384 destined for AT&T's end users over SBC Long Distance's ("SBC-LD") IXC trunks,
1385 AT&T proposes a unilateral arrangement for its sole benefit.

1386 The Telco objects to this language in that it: i) is in conflict with agreed-to
1387 methods for exchanging local and intraLATA toll traffic between the Parties' end users;
1388 ii) imposes language affecting SBC Illinois' arrangement with IXCs; iii) exposes SBC
1389 Illinois to avoidable billing disputes; and iv) is a step backwards, in that it is a less
1390 accurate manner for carriers to account for the traffic that they exchange.

1391 **Q. PLEASE COMMENT ON AT&T's DESCRIPTION OF THIS ISSUE IN**
1392 **TESTIMONY.**

1393 A. AT&T has proposed a methodology to jurisdictionalize traffic on an IXC's FG-D trunks
1394 obtained from SBC Illinois. In testimony describing this issue at Q200, AT&T's
1395 witnesses (Finney-Schell-Talbott) claim that without AT&T's proposed methodology,
1396 AT&T will be "required to have separate trunk groups for interLATA and intraLATA
1397 traffic, which is not an efficient or cost-effective arrangement." Well that is precisely the
1398 arrangement AT&T has already agreed to in Articles 4 and 5 -- separate trunks groups for
1399 intrastate and interstate traffic. AT&T seems to forget that this interconnection
1400 agreement is between SBC Illinois and AT&T the CLEC, not AT&T operating as an
1401 IXC. AT&T the IXC is a separate legal entity and is not a party to this interconnection
1402 agreement.

1403 **Q. PLEASE EXPLAIN IN GREATER DETAIL WHAT AT&T IS REQUESTING IN**
1404 **ITS PROPOSED LANGUAGE.**

1405 A. Essentially, AT&T wants to carry local and intraLATA toll traffic exchanged between
1406 the Parties' end users on the same trunk group as AT&T IXC's intrastate and interstate
1407 access traffic. This traffic would be carried on FG-D trunks, and for billing purposes,
1408 would be identified as either local or intraLATA toll by the use factors (expressed in

percentages) provided by the party that originates such traffic. The Party terminating the traffic would render a bill to the originating Party.

To provide a simple analogy, the terminating Party (SBC Illinois) would make available multiple types of ice cream (e.g., regular, premium, and frozen yogurt) to the originating Party (AT&T). After consuming the ice cream, the originating Party (AT&T) would tell the terminating Party (SBC Illinois) how much of each type of ice cream it had consumed. The interesting aspect of AT&T's language, continuing with this analogy, is that SBC Illinois does not have the capability within its current systems to determine what amount of each type of ice cream AT&T has consumed, and would therefore have to rely on AT&T to provide the billing factors that would be used to apply the appropriate rate for each type of ice cream consumed.

Q. HOW IS TRAFFIC IS EXCHANGED BETWEEN THE PARTIES TODAY?

A. Currently, as is the case with other CLECs with which SBC Illinois is interconnected, traffic is separated in accordance with the provisions contained within the Parties' interconnection agreement. This traffic is exchanged over various trunk groups, which allows for the proper routing, accounting and billing of traffic between the Parties. Specifically, the three main categories of traffic exchanged between AT&T and SBC Illinois are:

- Local and intraLATA toll traffic. This traffic is exchanged between the Parties over one-way Plain Old Telephone Service ("POTS") trunks. For traffic terminating to an SBC Illinois end user, SBC Illinois records this traffic and through a mechanized program, determines whether the traffic is local or intraLATA toll in nature. Once determined, and based on the Parties' interconnection agreement, SBC Illinois renders a bill to AT&T. Likewise, when AT&T receives local and intraLATA toll traffic from SBC Illinois, AT&T renders a bill to SBC Illinois for traffic delivered by SBC Illinois that is terminated to an AT&T end user.

1436 • Meet point billed traffic. This traffic is exchanged between an IXC and an
1437 AT&T end user, with SBC Illinois acting as the interconnecting party for
1438 this call flow. To make this arrangement work, AT&T establishes one or
1439 more two-way Meet Point Billing trunk groups (FG-D) between itself and
1440 SBC Illinois. Thus an IXC call destined to terminate to an AT&T end
1441 user, or an AT&T originated call bound for an IXC is delivered over the
1442 Meet Point Billing trunk group. As such, IXC traffic is routed through
1443 SBC Illinois' tandem in order that it may be exchanged between the IXC
1444 and AT&T. In this situation, records exchanged between SBC Illinois and
1445 AT&T allow both Parties to bill the IXC for that portion of their
1446 respective networks used in this call. This traffic is billed to the IXC by
1447 both SBC Illinois and AT&T as either originating or terminating access.

1448 • Third party transit traffic. This traffic is originated by an AT&T Illinois
1449 end user for completion to an end user of a third party carrier, i.e., another
1450 CLEC, a wireless provider or another LEC. SBC Illinois' network is used
1451 as the intermediary between the originating and terminating carriers' end
1452 users. In this situation, AT&T delivers this traffic over its POTS
1453 interconnection trunks to SBC Illinois. SBC Illinois then delivers this
1454 AT&T-originated traffic to the third party carrier for termination to that
1455 carrier's end user. SBC Illinois records this traffic and bills AT&T for
1456 such service. AT&T and the third party carrier reconcile local reciprocal
1457 compensation and intraLATA access billing between themselves without
1458 SBC Illinois' involvement.

1459 **Q. IN THIS NEGOTIATION, HAVE SBC ILLINOIS AND AT&T AGREED TO**
1460 **THESE THREE MAIN CATEGORIES OF TRAFFIC AND THE DEFINITIONS**
1461 **OF EACH TRAFFIC TYPE?**

1462 **A.** Yes. Within Articles 4 and 5, AT&T and SBC Illinois have agreed to the three main
1463 categories of traffic and their associated definitions as I described above.⁵³ Specifically,
1464 Section 4.1 of Article 4 states:

1465 Article 4 prescribes parameters for trunk groups (the
1466 "Local/IntraLATA trunks") to be effected over the
1467 Interconnections specified in Article 3 for the transmission and
1468 routing of Local Traffic and IntraLATA Toll Traffic between the
1469 Parties' respective Telephone Exchange Service Customers.

1470 And further, in Section 4.2 of Article 4:

⁵³ SBC Illinois and AT&T have agreed that Transit Traffic is to be routed over the POTS interconnection trunks. Section 4.3.18 of Article 4 delineates specific parameters relative to Transit Traffic.

1471 No Party shall terminate Exchange Access traffic or originate
1472 untranslated 800/888 traffic over Local/IntraLATA
1473 Interconnection Trunks.

1474 As for Meet Point Billing Traffic, the Parties have agreed in Section 5.1 of
1475 Article 5, that

1476 Article 5 prescribes parameters for certain trunk groups ("Access
1477 Toll Connecting Trunks") to be established over the
1478 Interconnections specified in Article 3 for the transmission and
1479 routing of Exchange Access traffic and 8YY traffic between
1480 AT&T Telephone Exchange Service Customers and Interexchange
1481 Carriers.

1482 Additionally, in Section 5.2.2 of Article 5:

1483 Access Toll Connecting Trunks shall be used solely for the
1484 transmission and routing of (Feature Group B and D) Exchange
1485 Access and 800/888 traffic to allow each Party's Customers to
1486 connect to or be connected to the interexchange trunks of any
1487 Interexchange Carrier which is connected to the other Party's
1488 access Tandem.

1489 And in Section 5.4.1 of Article 5, the Parties agree that:

1490 InterLATA traffic shall be transported between AT&T Switch
1491 Center and the SBC-AMERITECH Access or combined local /
1492 Access Tandem over a "meet point" trunk group separate from
1493 local and IntraLATA toll traffic. The InterLATA trunk group will
1494 be established for the transmission and routing of exchange access
1495 traffic between AT&T's End Users and interexchange carriers via
1496 an AT&T switch or SBC-AMERITECH Access Tandem, as the
1497 case may be.

1498 SBC Illinois contends that AT&T's proposed language requiring SBC Illinois to
1499 accept local traffic over an IXC's FG-D trunks and applying a PLU factor is inconsistent
1500 with what the Parties have agreed to above and therefore should be rejected.

1501 **Q. PLEASE EXPLAIN HOW ACCESS TRAFFIC IS BILLED BETWEEN SBC**
1502 **ILLINOIS AND IXCs TODAY?**

1503 A. To begin with, FG-D exchange access trunks are purchased by an IXC from SBC Illinois'
1504 access tariff in order to allow the IXC to originate or terminate interexchange calls
1505 between its customers and end users of local exchange providers, including SBC Illinois.
1506 In doing so, traffic originated or received at either the SBC Illinois tandems or end offices
1507 is billed to the IXC as either originating or terminating switched access. While I am not a
1508 billing expert, I have a general understanding of access billing. The billing of this traffic
1509 is done through SBC Illinois' Carrier Access Billing System ("CABS"). CABS was
1510 developed in compliance with industry standards to bill IXCs for access. From that time,
1511 the system has undergone a number of enhancements, but continues to perform as it was
1512 originally intended, i.e., as a mechanism to bill IXCs access rates for those calls to and
1513 from IXCs. As a result, CABS analyzes toll message records generated from IXC traffic
1514 that is sent over the FG-D trunks. CABS is then used to generate a bill to the IXC for the
1515 appropriate access elements and usage for each call. CABS is able to automatically
1516 differentiate between interstate and intrastate access relative to applying the appropriate
1517 rates based on the originating and terminating telephone numbers when CPN is provided.
1518 It is necessary for the IXC to provide SBC Illinois with a Percent Interstate Usage
1519 ("PIU") factor to calculate the amount of interstate traffic delivered without CPN. This
1520 factor is then subtracted from 100% of the total unidentified access traffic in order to
1521 determine the percentage of access compensation due SBC Illinois for unidentified
1522 intrastate traffic. All of this is done pursuant to SBC Illinois' access tariff.

1523 **Q. DO I UNDERSTAND YOU TO SAY THAT FACTORS ARE USED TO**
1524 **DETERMINE THE BILLING OF INTRASTATE AND INTERSTATE ACCESS**
1525 **USAGE?**

1526 A. Yes. As I stated previously, CABS is not able to separately jurisdictionalize interstate
1527 and intrastate traffic when there is no CPN – thus the need for and use of a PIU factor.
1528 Also, as I stated above, the PIU factor is given to SBC Illinois by the IXC, and SBC
1529 Illinois applies this PIU prior to rendering its bill to the IXC for services performed by
1530 SBC Illinois.

1531 AT&T is proposing in Section 21.15.2 that the process described above for
1532 unidentified access traffic will also be used for all local traffic delivered over FG-D
1533 trunks. In essence, the originating party (AT&T) would provide the billing party (SBC
1534 Illinois) two factors: one representing the percentage of interstate traffic and one
1535 representing the percentage of local traffic. These two factors would now be used in
1536 conjunction with actual measurements to calculate a bill, permitting the billing party
1537 (SBC Illinois) to bill the originating party (AT&T). In essence, AT&T as the originating
1538 party would tell SBC Illinois what percentage of its unidentified traffic was interstate toll
1539 (PIU) and what percentage was local (PLU), with the remainder being intrastate toll. In
1540 addition, AT&T would tell SBC Illinois what percentage of all intrastate traffic was local
1541 (PLU). Because CABS was never designed or built to jurisdictionalize this traffic and
1542 SBC Illinois has no way to separately identify it, SBC Illinois would be required to rely
1543 solely on AT&T for determining the level of compensation due SBC Illinois for services
1544 rendered to AT&T. SBC Illinois strongly objects to this regime, in that it is inconsistent
1545 with sound business principles and practices and can easily be avoided by complying
1546 with the Parties' agreed-upon interconnection arrangements.

1547 **Q. WHAT OTHER BILLING CONCERNS DO YOU HAVE?**

1548 A. When SBC Illinois receives traffic from an IXC over FG-D facilities, it renders a
1549 switched access bill to the IXC utilizing CABS. The system automatically applies the
1550 PIU to the total unidentified minutes to jurisdictionalize this usage as interstate or
1551 intrastate and adds this usage to the measured usage in order to apply different intrastate
1552 and interstate rates and generate a bill. That bill represents switched access traffic
1553 generated by the IXC's customers. CABS has no mechanism to impose another layer of
1554 calculation based on CLEC local traffic.

1555 AT&T's language also completely fails to address the actual rendering of bills.
1556 For example, to what entity would SBC Illinois bill the local usage received on an IXC's
1557 trunk groups – AT&T the CLEC or AT&T the IXC? And how would intrastate usage be
1558 managed? Some of it could be originated by customers of AT&T the CLEC under this
1559 agreement, while the remainder would be originated by the IXC's end users served by
1560 other local providers. The IXC has no obligation to compensate SBC Illinois for costs
1561 SBC Illinois would incur in terminating AT&T's end user calls.

1562 **Q. WHAT IS THE POTENTIAL IMPACT ON THE RELATIONSHIP BETWEEN**
1563 **SBC ILLINOIS AND IXCs?**

1564 A. What AT&T is proposing turns the IXC billing regime on its head. Putting aside the fact
1565 that CABS cannot accommodate AT&T's proposed application of PIU and PLU to access
1566 minutes, which is a legitimate concern, AT&T's proposal would have SBC Illinois billing
1567 an IXC for traffic that is not access traffic generated by the IXC's customers. Adoption
1568 of AT&T's language would require SBC Illinois to modify its arrangements with an IXC,
1569 in this case, AT&T IXC. In addition, if AT&T's position on this issue prevails, any other

1570 CLEC opting-in to this agreement could then avail itself of the same terms and
1571 conditions, delivering its traffic over the FG-D trunks of any IXC it desired. SBC Illinois
1572 does not believe that this interconnection agreement accommodates changing the nature
1573 of SBC Illinois' arrangements with an IXC. AT&T is inappropriately seeking to trump
1574 SBC Illinois' access tariff through this interconnection agreement. Since AT&T IXC is
1575 not a party to this interconnection agreement, nor would any other IXC be a party to an
1576 SBC Illinois-CLEC interconnection agreement, AT&T's proposed language exceeds the
1577 boundaries of this agreement and should be rejected.

1578 **Q. IS AT&T's PROPOSAL CONSISTENT WITH SBC ILLINOIS' SWITCHED**
1579 **ACCESS TARIFF?**

1580 **A.** No, it is not. AT&T's language in Section 21.15.2 states:

1581 For usage based charges associated with local traffic carried
1582 over IXC FG-D trunks, the originating party will provide two
1583 factors, a Percent Interstate Usage (PIU) and a Percent Local
1584 Usage (PLU).

1585 AT&T's language then goes on to describe how the originating party would
1586 calculate these factors. I assume that since this language would be in an agreement
1587 between AT&T and SBC Illinois and since SBC Illinois will not be originating traffic to
1588 AT&T under such an arrangement, that the originating party referenced in Section
1589 21.15.2 is AT&T the CLEC. So a CLEC would be providing SBC Illinois with the
1590 interstate usage factor to be applied in calculating a bill to be rendered to an IXC.

1591 In ICC Tariff No. 21, Section 2.3.10C, SBC Illinois provides the specific
1592 jurisdictional reporting requirements applicable to IXCs purchasing SBC Illinois' FG-D
1593 switched access services. These provisions clearly articulate the IXC's responsibility in
1594 reporting PIU to SBC Illinois. A CLEC interconnection agreement can in no way relieve

1595 an IXC of this obligation. Furthermore, AT&T offers no clarity as to how SBC Illinois
1596 would reconcile differences in the supplied PIU factors. With AT&T's proposal, SBC
1597 Illinois would be between the proverbial rock and a hard place – unable to meet its
1598 obligations under both the tariff and this interconnection agreement.

1599 **Q. WOULD SBC ILLINOIS BE WILLING TO ACCEPT LOCAL TRAFFIC OVER**
1600 **AT&T IXC's FG-D TRUNKS AT ALL?**

1601 A. Although SBC Illinois would have preferred that AT&T was limited to the agreed-upon
1602 standard interconnection and trunking arrangements, SBC Illinois has agreed in
1603 Section 3.9 that it is prepared to accept local traffic over AT&T IXC's FG-D trunks.
1604 SBC Illinois requires, however, that such calls destined for completion to SBC Illinois
1605 end users will be billed by SBC Illinois as access. In addition, because an arrangement of
1606 this type would most certainly involve AT&T IXC, SBC Illinois would require AT&T to
1607 acknowledge that all traffic delivered over AT&T IXC FG-D trunks would be
1608 automatically billed as access to AT&T IXC by SBC Illinois' billing system. Any
1609 disputes regarding billing of this traffic would be the responsibility of AT&T and AT&T
1610 IXC to resolve.

1611 **Q. AT&T's WITNESSES STATE UNDER Q204 THAT AT&T MAY**
1612 **INTERCONNECT WITH SBC ILLINOIS AT ANY TECHNICALLY FEASIBLE**
1613 **POINT WITHIN SBC ILLINOIS' NETWORK. DO YOU AGREE?**

1614 A. AT&T's witnesses are correct that the Act and FCC orders permit AT&T to interconnect
1615 with SBC Illinois at any technically feasible point in SBC Illinois' network. But that is
1616 not what AT&T is seeking to do here. AT&T's request is not for interconnection with
1617 SBC Illinois' network at all. As I stated, this interconnection agreement is between SBC

1618 Illinois and AT&T the CLEC. A T&T the IXC is the carrier with the interconnection
1619 AT&T seeks, and, as I stated, AT&T the IXC is not a party to this agreement.

1620 **Q. HASN'T SBC AGREED TO AT&T's PROPOSAL IN OTHER STATES AS**
1621 **INDICATED BY AT&T's WITNESSES?**

1622 A. SBC does accept local traffic over an IXC's FG-D trunks in a few jurisdictions. For
1623 example, SBC was required to use a PLU factor to jurisdictionalize local traffic on FG-D
1624 trunks as a condition to obtaining State commission 271 approval in Texas. However,
1625 SBC's willingness to take on an obligation in exchange for 271 arbitration is not
1626 dispositive in this case, nor does it indicate any willingness on SBC Illinois' part to
1627 extend such an arrangement into Illinois. SBC did agree to accept AT&T's local traffic
1628 over its IXC trunks in Connecticut as part of a negotiated arbitration settlement, but such
1629 calls are not compensated based on PLU.

1630 SBC Illinois is not obligated to accept local traffic over an IXC's trunks
1631 purchased from SBC Illinois' access tariff to be compensated based on a PLU factor.
1632 SBC has experienced a variety of challenges in other states and does not volunteer to
1633 expand those problems to other states, including Illinois.

1634 **Q. WHAT TYPES OF PROBLEMS IS SBC EXPERIENCING IN OTHER STATES?**

1635 A. SBC has experienced numerous challenges in administering and enforcing proper
1636 jurisdictionalization of traffic on multi-jurisdictional trunks. There are a number of
1637 instances where SBC is performing tests to identify arbitrage of its switched access
1638 tariffs, predominantly in the southwest states. In some cases, carriers are representing
1639 interstate traffic as local and/or routing interstate traffic over the local interconnection
1640 trunks. Interconnection agreements providing for the use of PIU and PLU factors to

1641 allocate usage for compensation make it very difficult to build an adequate case to go
1642 after legitimate revenues. Moreover, audit provisions typically limit the frequency with
1643 which SBC may request an audit, and audits may be costly to perform. Because of the
1644 difficulties SBC has experienced in enforcing proper jurisdictionalization of usage using
1645 factors, SBC does not want to expand the problem to Illinois.

1646 **Q. HOW HAS THE COMMISSION ADDRESSED THIS ISSUE PREVIOUSLY?**

1647 A. In its order in ICC Docket No. 96-0404 dated August 4, 1997, the Commission
1648 previously held that nonjurisdictional trunks and percentage factors are not reasonable. In
1649 that order, the Commission concluded in Section IIIB1d:

1650 The Commission finds that Ameritech provides interconnection to
1651 requesting carriers at all points required for the transmission and
1652 routing of telephone exchange traffic, exchange access traffic, or
1653 both, in accordance with the applicable FCC Regulations.
1654 47 C.F.R. §51.305. . . . The Commission further finds that the
1655 trunking options Ameritech provides are consistent with its
1656 obligation to transmit and route exchange access traffic.
1657 Ameritech provides one-way or two-way trunks for the purpose of
1658 integrating the end offices and/or tandem offices of carriers for the
1659 completion of local switched and interLATA toll traffic. As part
1660 of the options provided, Ameritech requires that CLECs use TCTs
1661 [Toll Connecting Trunks] to carry interLATA toll-switched traffic.
1662 We agree with Ameritech's contention that, if nonjurisdictional
1663 trunks were used, neither Ameritech nor any other carrier would be
1664 able to isolate or measure the volumes of each type of traffic that
1665 terminates over a single trunk group, which in turn would
1666 necessitate the use of estimated, percentage factors in lieu of actual
1667 measurements to create a bill. Such billing arrangements are not
1668 commercially reasonable or cost effective in the present market, as
1669 they would require extensive modifications to both Ameritech's
1670 billing systems for reciprocal compensation and its systems for
1671 billing IXC access charges. Ameritech's trunking options, in
1672 contrast, permit each carrier to bill the originating carrier for actual
1673 minutes of use and actual rates at the time the call was made. We
1674 so found in the MCI and Sprint arbitrations, noting that it was not
1675 possible to obtain accurate measurements over combined trunk
1676 groups and stating in the Sprint decision that "Sprint will not be
1677 unduly impeded from competing in the local market by the

1678 adoption of Ameritech's proposed solution." *Sprint Arbitration*
1679 *Decision*, 96-AB-008, at 6; *MCI Arbitration Decision*, 96-AB-006,
1680 at 14-15.

1681 In this docket, as well as in the Sprint and MCI arbitrations cited above, the
1682 Commission found that SBC Illinois' interconnection arrangement with CLECs was
1683 satisfactory in meeting its obligations under the Act. Nothing has changed since those
1684 decisions that would invalidate that conclusion.

1685 **Q. WHAT IS SBC ILLINOIS' RECOMMENDATION FOR RESOLVING THIS**
1686 **ISSUE?**

1687 A. The Commission has already determined that non-jurisdictional trunks and percentage
1688 factors are unreasonable. SBC Illinois recommends that the Commission reject AT&T's
1689 proposed language in Section 21.15.2 in its entirety. The Parties have already agreed
1690 within Articles 4 and 5 as to how traffic will be exchanged, and SBC Illinois has no
1691 obligation under Section 251(b)(5) of the Act to accept CLEC local traffic from an IXC.
1692 Accepting AT&T's language would result in confusion around what was actually agreed
1693 upon, and most certainly would lead to other disputes relative to the methodology of how
1694 traffic and facilities would be billed and to whom, as well as disputes on the actual billing
1695 itself.

1696 **GENERAL TERMS AND CONDITIONS ISSUES (6)**

1697 **ISSUE 6: Which Audit Language For PLU Is Appropriate?**

1698 **(General Terms and Conditions Section 1.32.8)**

1699 **Q. WHAT IS THE ISSUE REGARDING PLU AUDIT LANGUAGE?**

1700 A. Both Parties recognize the need for audit provisions specific to PLU and agree on the
1701 subsequent audit process in the event an audit reveals that a Party has overstated the PLU

1702 by 20% or more. The Parties disagree, however, on the application of the 20% threshold
1703 to underreported call detail, as well as the process to implement the results of an audit.

1704 SBC Illinois proposes that if the PLU is adjusted based upon audit results, that the
1705 adjusted PLU will apply for the subsequent nine months. It is AT&T's position that a
1706 variation of less than 5% would result in no adjustment to PLU. For a variation of
1707 between 5% and 20%, the adjusted PLU would apply for the remainder of the audit
1708 quarter through the subsequent quarter.

1709 **Q. WHAT IS YOUR CONCERN RELATIVE TO UNDERREPORTED CALL**
1710 **DETAIL USAGE?**

1711 A. While the Parties agree regarding overstatement of PLU by 20% or more, SBC Illinois
1712 also includes the underreporting of call detail usage by 20% or more in its provision for
1713 subsequent audit. This is important, especially when exchanging larger volumes of
1714 traffic, since it is the volume of traffic that translates to real dollars when the PLU is
1715 applied. Should the call detail usage be significantly underreported, even if the PLU is
1716 relatively accurate, the financial harm may be significant.

1717 **Q. WHAT IS YOUR CONCERN WITH AT&T's PROPOSAL FOR PLU**
1718 **ADJUSTMENTS?**

1719 A. On its face, AT&T's language appears reasonable and consistent with the Parties'
1720 agreement on quarterly PLU adjustments described in Article 21, but SBC Illinois is
1721 concerned by its inability to request a subsequent audit.⁵⁴ SBC Illinois could be faced
1722 with an overstated PLU and no mechanism for remedy.

⁵⁴ The Parties have agreed in Section 1.32.1 that audits may be requested once per year.

1723 **Q. PLEASE PROVIDE A SPECIFIC EXAMPLE TO DEMONSTRATE SBC**
1724 **ILLINOIS' CONCERN.**

1725 A. Let's suppose that an audit completed in early March resulted in an adjustment of
1726 AT&T's PLU from 80% to 95%, a 15% increase. According to AT&T's language, the
1727 95% PLU would be in effect for the remainder of March plus April, May and June.
1728 AT&T could then adjust the PLU for July through August to, say 83%, and then
1729 September through December to 79%. Since the March audit resulted in a 95% PLU, it
1730 would be understandable for SBC Illinois to question an adjustment to 83%, not to
1731 mention a further reduction to 79%. But because SBC Illinois is only permitted to
1732 request an audit once per year unless an error of 20% or more was discovered in an audit,
1733 it would be unable to initiate another audit until March of the following year. AT&T
1734 could continue the 83%, or 79%, or whatever percentage it decided, for an extended
1735 period of time during which SBC Illinois would have no ability to have the data verified,
1736 leaving it vulnerable to the possibility of an overstated PLU and/or underreported usage.

1737 **Q. HOW DOES SBC ILLINOIS' LANGUAGE CURE THIS VULNERABILITY?**

1738 A. SBC Illinois' language provides that a PLU adjustment resulting from an audit would
1739 remain in effect for nine months, superseding the standard quarterly adjustments during
1740 that time. The basic premise is that a detailed audit of books, records, and other
1741 documents related to the development of PLU would result in the most accurate PLU
1742 possible. This accurate PLU should be sustained for nine months to forestall the
1743 imposition of a less accurate PLU that could not be audited.

1744 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

1745 A. SBC Illinois' language in Section 1.32.8 provides that a PLU established as a result of an
1746 official audit be sustained for nine months to ensure accuracy is reasonable and should be
1747 adopted.

1748 **UNBUNDLED NETWORK ELEMENTS ISSUES (27, 28, 29, 30, 31, 33)**

1749 **ISSUE 27: Should The Reciprocal Compensation Terms And Conditions Contained In**
1750 **Article 21 Apply To ULS-ST Reciprocal Compensation?**

1751 **(UNE Schedule 9.2.7, Sections 9.2.7.4.1 - 3)**

1752 **Q. PLEASE DESCRIBE THIS ISSUE.**

1753 A. This is essentially the same issue as presented for Intercarrier Compensation Issue 1
1754 regarding Section 21.1.1. SBC Illinois objects to AT&T's language in Sections 9.2.7.4.2
1755 and 9.2.7.4.3 providing language specific to ULS-ST reciprocal compensation. Rather
1756 than reiterating the same arguments here, I would direct the Commission to my testimony
1757 for Intercarrier Compensation Issue 1.

1758 **ISSUE 28: Should SBC Illinois Be Billed On A Default Basis When It Fails To Provide**
1759 **The Third Party Originating Carrier OCN To AT&T When AT&T Is**
1760 **Terminating Calls As The Unbundled Switch User?**

1761 **(UNE Schedule 9.2.7, Section 9.2.7.4.4)**

1762 **Q. WHAT IS THE DISPUTE IN THIS ISSUE?**

1763 A. It is axiomatic that interconnecting carriers are obligated to make arrangements to
1764 compensate each other for the transport and termination of local traffic. In particular, the
1765 carrier that originates a call must compensate the carrier that terminates that call. This
1766 issue involves the mechanics by which these arrangements are made when the one of the
1767 carriers provides services through the switch of SBC Illinois, i.e., through an SBC
1768 Illinois-provided ULS-ST, including UNE-P.

1769 SBC Illinois proposes language stating that AT&T's use of ULS-ST does not
1770 change its obligation to be solely responsible for establishing compensation arrangements
1771 with other carriers. AT&T, for its part, seeks a specific determination that when a call is
1772 originated by a third party carrier and terminates to AT&T, SBC Illinois – and not the
1773 originating carrier – will pay AT&T to terminate traffic if SBC Illinois does not provide
1774 AT&T with the Operating Company Number ("OCN") of the originating carrier.

1775 **Q. IS THIS ISSUE ADDRESSED ELSEWHERE IN THE AGREEMENT?**

1776 A. Yes. This issue is also raised by AT&T as Comprehensive Billing Issue 4.
1777 Comprehensive Billing Article 27, Section 27.14.4 sets forth the terms and conditions
1778 regarding billing associated with the provision (or lack thereof) of OCN from third party
1779 originating carriers when AT&T is providing service utilizing ULS-ST. The language
1780 AT&T has proposed in UNE Section 9.2.7.4.4 is identical to its language in
1781 Comprehensive Billing Section 27.14.4. In his discussion of Comprehensive Billing
1782 Issue 4, Mr. Chris Read fully addresses the reasons why AT&T's proposed language for
1783 Comprehensive Billing Issue 4 should be rejected. His testimony applies equally to
1784 AT&T's proposed language for UNE Issue 28.

1785 **Q. WHAT DOES YOUR TESTIMONY ON UNE ISSUE 28 ADDRESS?**

1786 A. I explain that SBC Illinois' proposed language in Section 9.2.7.4.4 regarding AT&T's
1787 compensation obligations with third party carriers is reasonable. SBC Illinois' language
1788 states:

1789 **AT&T will be solely responsible for establishing compensation**
1790 **arrangements with all telecommunications carriers to which**
1791 **ULS-ST traffic is delivered or from which ULS-ST traffic is**
1792 **received, including all ULS-ST traffic carried by Shared**
1793 **Transport-Transit.**

1794 This language is disputed by AT&T.

1795 **Q. WHY IS THIS LANGUAGE APPROPRIATE?**

1796 A. Section 9.2.7.4 provides terms and conditions for reciprocal compensation associated
1797 with ULS-ST. As a facilities-based carrier, AT&T has certain responsibilities, including
1798 transport and termination in accordance with Section 251(b)(5) of the Act. The fact that
1799 AT&T is utilizing unbundled local switching to provide service to its customers does not
1800 relieve it of this obligation, nor can AT&T shift this responsibility to SBC Illinois. SBC
1801 Illinois' proposed language states that AT&T must step up to its responsibility in
1802 establishing compensation arrangements with other facilities-based carriers.

1803 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

1804 A. AT&T's language in Section 9.2.7.4.4 is totally unnecessary because it is redundant with
1805 its language in Comprehensive Billing Section 27.14.4; accordingly, it should be rejected.
1806 SBC Illinois' proposed language in Section 9.2.7.4.4 appropriately reflects AT&T's
1807 responsibility for transport and termination compensation with other facilities-based
1808 carriers and should be adopted.

1809 **ISSUE 29: How Should Reciprocal Compensation Rate Elements Be Structured?**

1810 **(UNE Section 9.2.7.5)**

1811 **Q. PLEASE DESCRIBE THIS ISSUE.**

1812 A. This is essentially the same issue as presented for Inter-carrier Compensation Issue 1
1813 regarding Section 21.1.1. SBC Illinois objects to AT&T's inclusion of "ULS-ST –
1814 Reciprocal Compensation" in Section 9.2.7.5. Rather than reiterating the same
1815 arguments here, I would direct the Commission to my testimony for Inter-carrier
1816 Compensation Issue 1.

1817 **ISSUE 30: Should Ameritech Be Required To Administer LIDB Information Provided**
1818 **By AT&T?**

1819 (UNE Schedule 9.2.8, Section 9.2.8.19.1)

1820 **Q. PLEASE DESCRIBE LIDB.**

1821 A. LIDB stands for Line Information Database and contains comprehensive and proprietary
1822 information on virtually every working telephone number of consumers, businesses and
1823 telecommunications providers. LIDB is a database in which local exchange carriers
1824 ("LECs") store information about their end-users' accounts.⁵⁵ It enables other carriers to
1825 determine, at the time of call processing, whether the end user has decided in advance to
1826 accept alternately billed calls (i.e., collect, third number and calling card).

1827 **Q. HOW IS LIDB ACCESSED FOR LINE RECORD ADMINISTRATION?**

1828 A. SBC Illinois' LIDB is connected directly to a Service Management System ("SMS") and
1829 a database editor that provide the capability of creating, modifying, changing, or deleting
1830 line records in LIDB.⁵⁶ SBC Illinois offers three methods of access to the SMS,
1831 depending on how the local service is provided: 1) Local Service Request ("LSR");
1832 2) Interactive Interface; and 3) Service Order Entry Interface.

1833 **Q. BRIEFLY DESCRIBE EACH OF THESE INTERFACES.**

1834 A. The LSR process generates a service order that flows through SBC Illinois' systems to
1835 update the LIDB. It must be used for a CLEC's end users served via SBC Illinois' resale

⁵⁵ Like many carriers, SBC Illinois does not own its own LIDB. Instead, SBC Illinois contracts with Southern New England Telephone Diversified Group ("SNET DG") to provide SBC Illinois with query access to LIDB.

⁵⁶ In the unlikely event that LIDB-AS is unavailable and/or the LIDB data links are down, carriers requiring emergency updates must contact SNET DG directly to effect any updates.

1836 services and may be used for UNE switch port services. The Interactive Interface and the
1837 Service Order Entry Interface each offer unbundled electronic access to the SMS. The
1838 Interactive Interface is a dial-up connection that permits record by record input to LIDB
1839 via the SMS. The Service Order Entry Interface allows a CLEC to do batch file updates
1840 to LIDB. The unbundled access interfaces may be used for a CLEC's switch based end
1841 users as well as its UNE switch port end users.⁵⁷ All three of these interfaces are
1842 described with relevant terms and conditions in SBC Illinois' LIDB-AS Appendix.

1843 **Q. WHAT IS THE ISSUE WITH RESPECT TO LIDB ADMINISTRATION?**

1844 A. AT&T has proposed limited language in Section 9.2.8.19.1 requiring SBC Illinois to
1845 input and administer AT&T's LIDB data. SBC Illinois objects to this language as wholly
1846 inadequate to address the Parties' respective responsibilities regarding LIDB
1847 administration. SBC Illinois provides the appropriate terms and conditions in its LIDB-
1848 AS Appendix provided as UNE Schedule 9.2.10. Please refer to my testimony regarding
1849 UNE Issue 33 for additional support of SBC Illinois' LIDB-AS Appendix.

1850 **Q. WHY IS AT&T's LANGUAGE INADEQUATE?**

1851 A. AT&T's language indicates that SBC Illinois will input AT&T's LIDB information as
1852 provided by AT&T, yet that language fails to address in any meaningful way how that
1853 would take place. As I described above, SBC Illinois provides multiple interfaces that
1854 allow AT&T to meet its responsibility to administer its own data and offers relevant
1855 terms and conditions in its LIDB-AS Appendix.

⁵⁷ A CLEC may not administer its UNE switch port LIDB records using both the LSR process and an unbundled interface due to security partitioning within the LIDB.

AT&T suggests that SBC Illinois' process requires AT&T to supply LIDB updates via LSR. SBC Illinois does not require the use of an LSR to update LIDB, however, if AT&T wants to use an LSR as the vehicle to update LIDB for its UNE switch port end users, appropriate language is provided in the LIDB-AS Appendix. Importantly, the LSR process only accommodates AT&T's end users served via SBC Illinois' switches. It cannot effect any LIDB updates for AT&T's end users served via an AT&T switch. I find it curious that the Parties' have agreed on numerous provisions relative to AT&T acting as a switch based carrier,⁵⁸ yet AT&T insists on LIDB language that can only apply when AT&T is *not* a switch based carrier. This inconsistency cannot be ignored.

As I stated, SBC Illinois offers unbundled electronic access to the LIDB SMS for AT&T's end user accounts associated with AT&T's switch and as an option for UNE switch port accounts. Terms and conditions for this unbundled LIDB SMS access are provided in the LIDB-AS Appendix.

Q. AT&T's WITNESS (NOORANI) STATES IN HIS TESTIMONY AT Q105 THAT IN AN MCI MISSOURI ARBITRATION, SBC LITIGATED AND WON SIMILAR LANGUAGE TO THAT WHICH AT&T IS PROVIDING HERE. IS THE MCI MISSOURI LANGUAGE RELEVANT?

A. No. Mr. Noorani completely misses the mark in referencing the MCI Missouri arbitration. The inclusion of SBC's language relative to the LSR process in Missouri was an additive to other LIDB terms and conditions. Agreed-upon language makes clear that

⁵⁸ See, for example, Article 3 (Interconnection Pursuant to Section 251(c)(2)), Article 4 (Transmission and Routing of Telephone Exchange Service Traffic Pursuant to Section 251(c)(2)), and Article 5 (Transmission and Routing of Exchange Access Traffic Pursuant to 251(c)(2)).

1877 use of the LSR process was specific to MCI's end users served via UNE local switch
1878 ports.

1879 9.4.2.10.1 The LSR Process allows SWBT to create and
1880 administer CLEC's data on CLEC's behalf through a bundled
1881 service order flow. The LSR Process is only available to CLEC
1882 when CLEC is providing service to end users using SWBT's UNE
1883 local switch ports.

1884 In addition, language resulting from the MCI Missouri arbitration indicates that
1885 SBC also make available an unbundled interface to LIDB-AS.

1886 9.4.2.10.2 The LSR Process is not an interface to the LIDB
1887 administrative system. CLEC can obtain access to SWBT's LIDB
1888 administrative system LVAS only through the electronic
1889 unbundled interfaces SWBT offers in this Appendix.

1890 **Q. WHAT IS YOUR CONCLUSION ON THIS ISSUE?**

1891 A. AT&T's proposed language in UNE Section 9.2.8.19.1 is totally inadequate to address
1892 LIDB administration and should be rejected. SBC Illinois offers comprehensive terms
1893 and conditions addressing all aspects of LIDB administration in its LIDB-AS Appendix.
1894 See also my testimony for UNE Issue 33.

1895 **ISSUE 31: What Interfaces Are Used To Administer Data When AT&T Resells Data To**
1896 **A Third Party?**

1897 **(UNE Schedule 9.2.8, Sections 9.2.8.19.4 and 9.2.8.19.6)**

1898 **Q. PLEASE DESCRIBE THIS ISSUE.**

1899 A. The Parties disagree as to how AT&T will administer the LIDB records for services that
1900 it resells to a third party. SBC Illinois requires that such records be administered through
1901 direct unbundled interfaces as defined in its LIDB-AS Appendix. In contrast, AT&T
1902 proposes to administer such records through the use of any of the Operator Services
1903 Marketing Order Processor ("OSMOP") interfaces.

1904 **Q. WHAT ARE THE OSMOP INTERFACES?**

1905 A. OSMOP is the SMS for LIDB, i.e., the terms OSMOP and SMS may be used
1906 interchangeably. As I described in my testimony under Issue 30, SBC Illinois offers
1907 three interfaces to the LIDB SMS for data administration: LSR, Interactive Interface, and
1908 Service Order Entry Interface.

1909 **Q. WHY DOES SBC ILLINOIS OBJECT TO AT&T's LANGUAGE?**

1910 A. AT&T's statement that it will administer line records for services it resells to a third party
1911 through the OSMOP interfaces is too broad because it includes the LSR process. When
1912 AT&T resells to a third party, that record can no longer be administered by an LSR.
1913 Only direct unbundled access through the Interactive Interface or the Service Order Entry
1914 Interface are permitted for such resold services.

1915 **Q. WHY CAN'T THE LSR PROCESS BE USED FOR AT&T's RESOLD**
1916 **SERVICES?**

1917 A. For security purposes, the LIDB Administrative System is partitioned based on Operating
1918 Company Number ("OCN"). All LSRs for UNE switch ports generate service orders
1919 through SBC Illinois' systems and reflect the OCN of the UNE switch port CLEC. When
1920 AT&T resells a UNE switch port service to a third party, there is no way to associate that
1921 UNE switch port with the actual local service provider ("LSP"). The LSR process was
1922 simply not designed to accommodate a third party provider. Thus, the LIDB would
1923 improperly place these end user records within AT&T's security partition rather than that
1924 of the true LSP. This is an unacceptable violation of the end user's security expectations.

1925 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

1926 A. AT&T's reference to the OSMOP interfaces in UNE Sections 9.2.8.19.4 and 9.2.8.19.6 is
1927 improper in that it is too broad and should be rejected. SBC Illinois' language
1928 appropriately refers to its direct unbundled interfaces and related terms and conditions as
1929 provided in its LIDB-AS Appendix. Accordingly, the Commission should adopt SBC
1930 Illinois' language in the UNE Appendix as well as the LIDB-AS Appendix.

1931 **ISSUE 33: Should The LIDB-AS Schedule Be Part Of The Interconnection Agreement?**
1932 **(UNE Schedule 9.2.10)**

1933 **Q. PLEASE DESCRIBE THIS ISSUE.**

1934 A. SBC Illinois proposes inclusion of its LIDB-AS Appendix, provided as UNE
1935 Schedule 9.2.10, in order to provide comprehensive language addressing SBC Illinois'
1936 administration of AT&T's LIDB data. AT&T objects to this language as being
1937 unnecessary.

1938 **Q. WHY IS INCLUSION OF THE LIDB-AS APPENDIX APPROPRIATE?**

1939 A. SBC Illinois' LIDB-AS Appendix provides comprehensive terms and conditions
1940 regarding administration of LIDB data, however AT&T has rejected this Appendix in its
1941 entirety.⁵⁹ Yet clearly, each carrier has responsibility for its own data. AT&T has
1942 proposed two sentences in UNE Section 9.2.8.19.1 (see UNE Issue 30) to address its
1943 request for SBC Illinois to input and administer its LIDB data, but that language does not

⁵⁹ It is interesting that in Danial Noorani's testimony on behalf of AT&T on this issue, he claims at Q107 that SBC Illinois' LIDB-AS Appendix is both too vague and too restrictive. Yet AT&T refused to negotiate any of the provisions of that appendix to remedy AT&T's concerns. Instead, AT&T rejected LIDB-AS completely and proposed a few provisions in UNE Schedule 9.2.8 that are wholly inadequate to address LIDB administration.

1944 go nearly far enough in defining a working business relationship with regards to LIDB.
1945 SBC Illinois' language in Schedule 9.2.10 indicates its willingness to negotiate terms and
1946 conditions under which it would provide administrative support to AT&T. It is important
1947 to SBC Illinois that this Appendix clearly identify the terms and conditions associated
1948 with administration of AT&T's LIDB data.

1949 **Q. IN WHAT AREAS IS AT&T's LANGUAGE INADEQUATE?**

1950 A. AT&T's language is devoid of essential parameters in several areas: 1) administration of
1951 AT&T's LIDB records for its switch-based end users; 2) ability to request emergency
1952 updates; 3) audits; and 4) data migration.

1953 **Q. HOW WOULD AT&T's LIDB RECORDS BE ADMINISTERED FOR ITS**
1954 **SWITCH-BASED END USERS?**

1955 A. AT&T has proposed under UNE Issue 30 that SBC Illinois would administer its LIDB
1956 records in accordance with industry standard practice via the LSR process. But the LSR
1957 is not an interface that can be used to administer records associated with end users served
1958 on AT&T's switch. AT&T has not provided any information on how this type of LIDB
1959 data would be administered. The LIDB-AS Appendix clearly defines the available
1960 interfaces for updating this information.

1961 **Q. HOW DOES LIDB HANDLE FRAUD?**

1962 A. SNET DG's LIDB is connected to an adjunct fraud monitoring system, managed by SBC
1963 Services, Inc. Using this system, all accounts, including those of SBC Illinois and
1964 CLECs, are monitored for fraud in the same manner and using the same criteria. If the
1965 possibility of fraud is detected on a CLEC account, SBC Services, Inc. personnel contact

1966 the CLEC so the CLEC may take whatever action it deems necessary to protect its end-
1967 users from fraudulent activity.

1968 **Q. WHEN WOULD EMERGENCY LIDB UPDATES BE REQUIRED, AND HOW**
1969 **WOULD THEY BE PERFORMED?**

1970 A. A carrier would require an emergency LIDB update to change validation information.
1971 For example, an update might be required on an emergency basis to invalidate a calling
1972 card that was being used fraudulently. SBC Illinois' LIDB Editor Interface would
1973 provide AT&T with emergency access to LIDB to effect such an update.⁶⁰ Without the
1974 LIDB Editor Interface provisions contained in the LIDB-AS Appendix, AT&T would be
1975 unable to request emergency updates to their accounts through the SMS as the LSR
1976 process AT&T requests cannot accommodate emergency updates. SBC Illinois is
1977 concerned about charges of lack of parity if SBC Illinois is able to make emergency
1978 updates for its end users but AT&T has no such capability.

1979 **Q. WHY DOES SBC ILLINOIS REQUIRE AUDIT PROVISIONS FOR LIDB?**

1980 A. SBC Illinois processes audits daily to ensure that the database is as accurate as possible.
1981 This is an important protection for the account owners, given the nature of LIDB data.
1982 Specific language in the LIDB-AS Schedule addresses how these audits are to be
1983 accomplished and how AT&T can verify its information against SBC Illinois' data.
1984 AT&T's language does not address audits at all.

⁶⁰ As I stated above, in the event of a failure of the LIDB/AS and or data links, carriers must contact SNET-DG directly to effect emergency database updates.

1985 **Q. WHAT IS THE DATA MIGRATION INTERFACE, AND HOW IS IT**
1986 **RELEVANT TO THIS AGREEMENT?**

1987 A. The Data Migration Interface provides AT&T with the ability to migrate its entire switch
1988 based data store from SBC Illinois to another LIDB provider. SBC Illinois' language in
1989 the LIDB-AS Schedule articulates both AT&T's and SBC Illinois' responsibilities
1990 regarding data migration to ensure a smooth transition to a new LIDB provider of
1991 AT&T's choosing. AT&T's language completely fails to address data migration.

1992 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

1993 A. SBC Illinois' LIDB-AS Schedule 9.2.10 sets forth comprehensive terms and conditions
1994 for LIDB data storage and administration, yet AT&T has rejected this Schedule without
1995 offering any redline updates. As AT&T's LIDB provisions are totally inadequate to
1996 address LIDB administration, SBC Illinois requests the Commission adopt the LIDB-AS
1997 Schedule in its entirety.

1998 **COMPREHENSIVE BILLING ISSUES (4)**

1999 **ISSUE 4b: Should SBC Illinois Be Billed On A Default Basis When It Fails To Provide**
2000 **The Third Party Originating Carrier OCN To AT&T When AT&T Is**
2001 **Terminating Calls As The Unbundled Switch User?**

2002 **(Comprehensive Billing Section 27.14.4)**

2003 **(UNE Schedule 9.2.7, Section 9.2.7.4.4)**

2004 **Q. PLEASE DESCRIBE THIS ISSUE.**

2005 A. The Parties fundamentally agree that SBC Illinois will provide to AT&T the Operating
2006 Company Number ("OCN") of third party originating carriers, when available, when
2007 AT&T is providing service utilizing ULS-ST. The dispute centers on billing treatment of
2008 traffic terminated by AT&T's ULS-ST when OCN is not available. Mr. Chris Read
2009 addresses the disputed language in Issue 4a concerning provision of OCN when AT&T is

2010 utilizing ULS-ST, and I will address Issue 4b, which relates to compensation when OCN
2011 is unavailable.

2012 Since AT&T's proposed language in Comprehensive Billing Section 27.14.4 and
2013 UNE Section 9.2.7.4.4 is identical, for simplicity I will refer in my testimony only to
2014 Section 27.14.4. I address SBC Illinois' competing language for Section 9.2.7.4.4 in my
2015 testimony for UNE Issue 28.

2016 **Q. WHAT IS THE DISPUTE IN ISSUE 4B?**

2017 A. To understand this issue, the Commission should look first to AT&T's language:

2018 Any records received without the originating OCN will be
2019 treated as though originated by SBC-Illinois in accordance
2020 with the terms of Schedule 9.2.7 of this Agreement.

2021 Placing this language in the context of Schedule 9.2.7, which includes terms and
2022 conditions for ULS-ST, and AT&T's previous sentence referencing third party carriers,⁶¹
2023 AT&T's language would require SBC Illinois to pay intercarrier compensation to
2024 terminate calls to AT&T for calls that did not originate with SBC Illinois' customers.
2025 SBC Illinois has no such obligation and objects to this language.

2026 **Q. WHEN DOES INTERCARRIER COMPENSATION APPLY?**

2027 A. Intercarrier compensation applies when calls are exchanged between facilities-based
2028 carriers. A carrier providing end user services on its own switch, whether LEC or CLEC,
2029 is a facilities-based carrier. In addition, AT&T utilizing ULS-ST to provide service to
2030 end users is also a facilities-based carrier. So when a third party carrier originates a call

⁶¹ "SBC-Illinois will include the OCN of the originating carrier in the usage records it provides for calls originated by 3rd party carriers." The dispute with this language is discussed by Mr. Read under Issue 4a.

2031 that terminates to AT&T's ULS-ST, AT&T may bill terminating compensation to the
2032 third party carrier.⁶² In order to bill the third party carrier, AT&T must be able to identify
2033 who that third party carrier is.

2034 **Q. HOW WOULD AT&T IDENTIFY A THIRD PARTY CARRIER?**

2035 A. As explained in Mr. Read's testimony for Issue 4a, SBC Illinois will provide the OCN of
2036 a third party carrier to AT&T when possible. He further explains under Issue 3 one
2037 method by which AT&T can obtain the OCN for itself when it is not available from SBC
2038 Illinois.

2039 **Q. IN THE EVENT SBC ILLINOIS DOES NOT PROVIDE THE OCN TO AT&T, IS**
2040 **AT&T RELIEVED OF ITS INTERCARRIER COMPENSATION**
2041 **OBLIGATIONS?**

2042 A. No. As I stated, all facilities-based carriers have intercarrier compensation obligations,
2043 including AT&T utilizing ULS-ST. AT&T is not relieved of its responsibility to bill the
2044 originating carrier when it terminates a call simply because the OCN is not handed to it
2045 by SBC Illinois. Importantly, it is the originating carrier that has obtained revenue from
2046 its end user. It is the originating carrier, and the originating carrier alone, that must bear
2047 the cost to terminate its end users' calls. AT&T cannot shift this cost liability to SBC
2048 Illinois simply because it is not willing to undertake the effort to identify the originating
2049 carrier when it is not provided by SBC Illinois.

⁶² I direct the Commission to my testimony for UNE Issue 28 for a complete discussion on intercarrier compensation obligations with third party carriers.

2050 **Q. HOW SHOULD THE COMMISSION RULE ON ISSUE 4B?**

2051 A. AT&T's language requiring SBC Illinois to bear the cost to terminate calls to AT&T that
2052 do not originate with SBC Illinois' end users is in direct conflict with the precepts of
2053 intercarrier compensation as set forth in the Act and FCC rules. Accordingly, AT&T's
2054 language should be rejected.

2055 **INTERCONNECTION ISSUES (2)**

2056 **ISSUE 2: Does AT&T Have The Right To Use UNEs For The Purpose Of Network**
2057 **Interconnection On AT&T's Side Of The POI?**

2058 **(Interconnection Section 3.3.2)**

2059 **Q. PLEASE DESCRIBE THIS ISSUE.**

2060 A. To understand this issue, the Commission should look first to the language in dispute.
2061 Language in bold underline type is AT&T's language that SBC Illinois disputes.

2062 3.3.2 AT&T may obtain facility capacity for network
2063 interconnection trunking: (i) from SBC-Illinois under its access
2064 tariff, **(ii) from SBC-Illinois under Article 9 of the Agreement,**
2065 (iii) from AT&T's own facility inventory, or (iv) from an
2066 alternative access vendor.

2067 The only dispute with this issue concerns rates for AT&T to lease transport
2068 facilities from SBC Illinois on AT&T's side of the Point of Interconnection ("POI").
2069 SBC Illinois proposes in Section 3.3.2 that when AT&T leases transport facilities from
2070 SBC Illinois, it should be at rates found in the applicable access tariff. AT&T proposes
2071 that when it leases such facilities, it may do so at UNE-based rates under Article 9.

2072 **Q. WHAT IS THE BASIS FOR SBC ILLINOIS' POSITION?**

2073 A. AT&T's request to obtain a UNE on AT&T's side of the POI is not appropriate under
2074 FCC rules. It is AT&T's responsibility to interconnect with SBC Illinois using any of the
2075 methods outlined in Section 3.3, (e.g., AT&T facilities, third-party carrier facilities or

2076 SBC Illinois access services), and while SBC Illinois will lease facilities to AT&T under
2077 its access tariff, it is not obligated to do so, as AT&T is demanding, at UNE rates.

2078 **Q. AT&T CLAIMS THAT THE FCC HAS RULED THAT SBC ILLINOIS MUST**
2079 **PROVIDE INTEROFFICE TRANSMISSION FACILITIES ON AN UNBUNDLED**
2080 **BASIS. HOW DO YOU RESPOND?**

2081 A. AT&T is correct when it states that an ILEC must provide interoffice transmission
2082 facilities on an unbundled basis to requesting carriers, and SBC Illinois does so under
2083 Schedule 9.2.7 of this agreement. However, what AT&T is asking for is not interoffice
2084 transmission facilities, rather AT&T wants to purchase transport facilities on AT&T's
2085 side of the POI as a UNE to transport its own traffic to SBC. SBC Illinois is willing to
2086 lease transport facilities to AT&T to build its network to transport its own traffic to SBC
2087 Illinois under its access tariff, as the Parties have already agreed upon under
2088 Sections 3.3.6 and 3.5.1. SBC Illinois is not obligated to offer transport facilities on
2089 AT&T's side of the POI at UNE rates.

2090 **Q. ARE YOU AWARE OF A RECENT CHANGE IN FCC RULES THAT**
2091 **SUPPORTS SBC ILLINOIS' POSITION?**

2092 A. Yes. The FCC recently addressed this issue in its Triennial Review Order, as discussed
2093 in their Press Release dated February 20, 2003 that I have attached to my testimony as
2094 Schedule PHP-1. In the Press Release, the FCC states that its Triennial Review Order
2095 redefines dedicated transport to make clear that it is not available for interconnection
2096 between CLEC and ILEC switches: "The Commission redefines dedicated transport to
2097 include only those transmission facilities connecting incumbent LEC switches or wire
2098 centers." AT&T is requesting that it be permitted to use unbundled dedicated transport to
2099 interconnect its switch with that of SBC Illinois, which is inconsistent with the FCC's

2100 Triennial Review Order as described in the Press Release. Any question about SBC
2101 Illinois' obligation to permit AT&T to utilize unbundled dedicated transport for
2102 interconnection with its switch has been resolved in SBC Illinois' favor. This
2103 interconnection agreement should be based on these updated rules – not the outmoded
2104 rules that AT&T cites.

2105 **Q. MUST AT&T LEASE TRANSPORT FROM SBC ILLINOIS FOR**
2106 **INTERCONNECTION?**

2107 A. No, and AT&T clearly recognizes this. AT&T has agreed in Section 3.5.1 that SBC
2108 Illinois will lease facilities to AT&T for interconnection from its access tariff, and agrees
2109 in the undisputed portion of Section 3.3.2 that it may avail itself of SBC Illinois' access
2110 tariff. If AT&T is dissatisfied with SBC Illinois' tariffed access rates for network
2111 interconnection facilities, it has the option to utilize its own facilities or lease from
2112 another carrier. In fact, there a number of other providers of special access service in
2113 Illinois, particularly in the metropolitan areas, e.g., MCI, XO Communications, Inc.,
2114 Nextlink Communications, Inc., and Allegiance Telecom, Inc. AT&T is not restricted to
2115 using leased facilities from SBC Illinois.

2116 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

2117 A. SBC Illinois is not required to lease facilities on AT&T's side of the POI at UNE prices.
2118 The FCC's Triennial Review Order, as set forth in its Press Release, narrows the
2119 definition of unbundled interoffice transmission facilities and removes any possible doubt
2120 on this matter. AT&T's language in Section 3.3.2 that would permit it to use unbundled
2121 transmission facilities on its side of the POI for interconnection with SBC Illinois should
2122 be rejected out of hand.

2123

PRICING ISSUES (4)

2124 **ISSUE 4:** **What Is The Proper Rate For Reciprocal Compensation Associated With**
2125 **ULS-ST?**

2126 **Pricing Schedule 485-486**

2127 **Q. PLEASE DESCRIBE THIS ISSUE.**

2128 A. This is essentially the same issue as presented for Inter-carrier Compensation Issue 1
2129 regarding Section 21.1.1, but with respect to pricing. Rather than reiterating the same
2130 arguments here, I would direct the Commission to my testimony for Inter-carrier
2131 Compensation Issue 1. A finding in SBC Illinois' favor would result in the deletion of
2132 AT&T's proposed rate on Line 485 of the Pricing Schedule and the related note on
2133 Line 486.

2134

2134 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

2135 A. Yes.

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

AT&T Communications of Illinois, Inc.)
TCG Illinois and TCG Chicago)
)
Petition for Arbitration of Interconnection Rates,)
Terms and Conditions and Related Arrangements)
With Illinois Bell Telephone Company d/b/a)
SBC Illinois Pursuant to Section 252(b))
of the Telecommunications Act of 1996)

Docket No. 03-0239


VERIFICATION

Patricia H. Pellerin, being first duly sworn on oath, deposes and states the following:

1. I am the Associate Director – Wholesale Marketing for SBC.
2. The facts set forth and statements made in my foregoing Direct and Rebuttal

Testimony are true and correct to the best of my knowledge, information and belief.

3. Further affiant saith not.


Patricia H. Pellerin

STATE OF CONNECTICUT
COUNTY OF NEW LONDON

Subscribed and sworn to
before me, this 16th day of
June 2003


Notary Public

DORIS A. THOMPSON
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 2003

ATTACHMENT TO TRIENNIAL REVIEW PRESS RELEASE

Order on Remand

- Local Circuit Switching – The Commission finds that switching - a key UNE-P element - for business customers served by high-capacity loops such as DS-1 will no longer be unbundled based on a presumptive finding of no impairment. Under this framework, states will have 90 days to rebut the national finding. For mass market customers, the Commission sets out specific criteria that states shall apply to determine, on a granular basis, whether economic and operational impairment exists in a particular market. State Commissions must complete such proceedings (including the approval of an incumbent LEC batch hot cut process) within 9 months. Upon a state finding of impairment, the Commission sets forth a 3 year period for carriers to transition off of UNE-P.
- Packet Switching – Incumbent LECs are not required to unbundle packet switching, including routers and DSLAMs, as a stand-alone network element. The order eliminates the current limited requirement for unbundling of packet switching.
- Signaling Networks – Incumbent LECs are only required to offer unbundled access to their signaling network when a carrier is purchasing unbundled switching. The signaling network element, when available, includes, but is not limited to, signaling links and signaling transfer points.
- Call-Related Databases – When a requesting carrier purchases unbundled access to the incumbent LEC's switching, the incumbent LEC must also offer unbundled access to their call-related databases. When a carrier utilizes its own switches, with the exception of 911 and E911 databases, incumbent LECs are not required to offer unbundled access to call-related databases, including, but not limited to, the Line Information database (LIDB), Toll Free Calling database, Number Portability database, Calling Name (CNAM) database, Operator Services/Directory Assistance databases, and the Advanced Intelligent Network (AIN) database.
- OSS Functions – Incumbent LECs must offer unbundled access to their operations support systems for qualifying services. OSS consists of pre-ordering, ordering, provisioning, maintenance and repair, and billing functions supported by an incumbent LEC's databases and information. The OSS element also includes access to all loop qualification information contained in any of the incumbent LEC's databases or other records.
- Loops
 - Mass Market Loops
 - * Copper Loops – Incumbent LECs must continue to provide unbundled access to copper loops and copper subloops. Incumbent LECs may not retire any copper loops or subloops without first receiving approval from the relevant state commission.

- * Line Sharing – The high frequency portion of the loop (HFPL) is not an unbundled network element. Although the Order finds general impairment in providing broadband services without access to local loops, access to the entire stand-alone copper loop is sufficient to overcome impairment. During a three-year period, competitive LECs must transition their existing customer base served via the HFPL to new arrangements. New customers may be acquired only during the first year of this transition. In addition, during each year of the transition, the price for the high-frequency portion of the loop will increase incrementally towards the cost of a loop in the relevant market.
- * Hybrid Loops – There are no unbundling requirements for the packet-switching features, functions, and capabilities of incumbent LEC loops. Thus, incumbent LECs will *not* have to provide unbundled access to a transmission path over hybrid loops utilizing the packet-switching capabilities of their DLC systems in remote terminals. Incumbent LECs must provide, however, unbundled access to a voice-grade equivalent channel and high capacity loops utilizing TDM technology, such as DS1s and DS3s.
- * Fiber-to-the-Home (FTTH) Loops – There is no unbundling requirement for new build/greenfield FTTH loops for both broadband and narrowband services. There is no unbundling requirement for overbuild/brownfield FTTH loops for broadband services. Incumbent LECs must continue to provide access to a transmission path suitable for providing narrowband service if the copper loop is retired.
- Enterprise Market Loops
 - * The Commission makes a national finding of no impairment for OCn capacity loops.
 - * The Commission makes a national finding of impairment for DS1, DS3, and dark fiber loops, except where triggers are met as applied in state proceedings. States can remove DS1, DS3, and dark fiber loops based on a customer location-specific analysis applying a wholesale competitive alternatives trigger.
 - * Dark fiber and DS3 loops also each are subject to a customer location-specific review by the states to identify where loop facilities have been self-deployed.
- Subloops
 - * See the copper loops summary above. In addition, incumbent LECs must offer unbundled access to subloops necessary for access to wiring at or near a multiunit customer premises, including the Inside Wire Subloop, regardless of the capacity level or type of loop the requesting carrier will provision to its customer.

- Network Interface Devices (NID) – Incumbent LECs must offer unbundled access to the NID, which is defined as any means of interconnecting the incumbent LEC's loop distribution plant to the wiring at the customer premises.
- Dedicated Interoffice Transmission Facilities – The Commission redefines dedicated transport to include only those transmission facilities connecting incumbent LEC switches or wire centers.
 - * The Commission finds that requesting carriers are not impaired without access to unbundled OCn level transport.
 - * The Commission finds that requesting carriers are impaired without access to dark fiber, DS3, and DS1 transport, except where wholesale facilities triggers are met as applied in state proceedings using route-specific review.
 - * Dark fiber and DS3 transport also each are subject to a granular route-specific review by the states to identify where transport facilities have been self-deployed.
- Shared Transport – Incumbent LECs are required to provide shared transport to the extent that they are required to provide unbundled local circuit switching
- Combinations of Network Elements – Competitive LECs may order new combinations of UNEs, including the loop-transport combination (enhanced extended link, or EEL), to the extent that the requested network element is unbundled.
- Commingling – Competitive LECs are permitted to commingle UNEs and UNE combinations with other wholesale services, such as tariffed interstate special access services.
- Service Eligibility – Service eligibility criteria apply to all requests for newly-provisioned high-capacity EELs and for all requests to convert existing circuits of combinations of high-capacity special access channel termination and transport services. These criteria include architectural safeguards to prevent gaming.
 - Certification – Each carrier must certify in writing to the incumbent LEC that it satisfies the qualifying service eligibility criteria for each high-capacity EEL circuit.
 - Auditing – Incumbent LECs may obtain and pay for an independent auditor to audit compliance with the qualifying service eligibility criteria for high-capacity EELs. The incumbent LEC may not initiate more than one audit annually.
- Modification of Existing Network/"No Facilities" Issues – Incumbent LECs are required to make routine network modifications to UNEs used by requesting carriers where the requested facility has already been constructed. These routine modifications include deploying multiplexers to existing loop facilities and undertaking the other activities that incumbent LECs make for their own retail customers. The Commission also requires incumbent LECs to condition loops for the provision of xDSL services. The Commission does not require incumbent LECs to trench new cable or otherwise to construct

transmission facilities so that requesting carriers can access them as UNEs at cost-based rates, but it clarifies that the incumbent LEC's unbundling obligation includes all transmission facilities deployed in its network.

- Section 271 Issues – The requirements of section 271(c)(2)(B) establish an independent obligation for BOCs to provide access to loops, switching, transport, and signaling, under checklist items 4-6 and 10, regardless of any unbundling analysis under section 251. Where a checklist item is no longer subject to section 251 unbundling, section 252(d)(1) does not operate as the pricing standard. Rather, the pricing of such items is governed by the “just and reasonable” standard established under sections 201 and 202 of the Act.
- Clarification of TELRIC Rules – The order clarifies two key components of its TELRIC pricing rules to ensure that UNE prices send appropriate economic signals to incumbent LECs and competitive LECs. First, the order clarifies that the risk-adjusted cost of capital used in calculating UNE prices should reflect the risks associated with a competitive market. The order also reiterates the Commission's finding from the *Local Competition Order* that the cost of capital may be different for different UNEs. Second, the Order declines to mandate the use of any particular set of asset lives for depreciation, but clarifies that the use of an accelerated depreciation mechanism may present a more accurate method of calculating economic depreciation.
- Fresh Look – The Commission will retain its prior determination that it will not permit competitive LECs to avoid any liability under contractual early termination clauses in the event that it converts a UNE to a special access circuit.
- Transition Period – The Commission will not intervene in the contract modification process to establish a specific transition period for each of the rules established in this Order. Instead, as contemplated in the Act, individual carriers will have the opportunity to negotiate specific terms and conditions necessary to translate the Commission's rules into the commercial environment, and to resolve disputes over any new contract language arising from differing interpretations of the Commission's rules.
- Periodic Review of National Unbundling Rules – The Commission will evaluate these rules consistent with the biennial review mechanism established in section 11 of the Act. These reviews, however, will not be performed *de novo* but according to the standards of the biennial review process.

Further Notice of Proposed Rulemaking

- The Commission opens a further notice of proposed rulemaking to seek comment on whether to modify the Commission's interpretation of section 252(i) – the Commission's so-called pick-and-choose rule. The Commission tentatively concludes that a modified approach would better serve the goals embodied in section 252(i), and sections 251-252 generally, by promoting more meaningful commercial negotiations between incumbent LECs and competitive LECs.



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VIA FEDERAL EXPRESS

September 19, 2002

Ms. Donna Caton
Chief Clerk
Illinois Commerce Commission
527 East Capitol Ave.
Springfield, Illinois 62701

Re: Ameritech Illinois Advice Nos. IL-02-1262 and IL-02-1402

Dear Ms. Caton:

AT&T Communications of Illinois, Inc. ("AT&T") hereby submits its letter of objection objecting to certain of the language, rates, terms and conditions included in the tariff filed by Ameritech Illinois on August 21, 2002 as Advice No. IL-02-1262 (and amended on August 27, 2002 by Advice No. IL-02-1402). According to the cover letters attached to these filings, Ameritech contends that the purpose of the filing is "to implement revisions to its UNE Shared Transport offerings in compliance with the Commission's July 10, 2002 Order in Docket No. 00-0700." Ameritech's tariff filing is deficient and non-compliant with the Commission's final Order in ICC Docket No. 00-0700 in several respects, as explained below. AT&T recommends that the Commission initiate a proceeding to investigate Ameritech's tariff filing and that the Commission require in its order initiating the investigation that there be a true-up of the difference between all amounts the CLECs actually pay pursuant to Advice No. IL-02-1262 and the amounts the Commission ultimately determines the CLECs should have paid between the effective date of the tariff and the date the Commission issues its final order in the compliance investigation.

A. Rates That Have Been Miscalculated

The first category of compliance issues concern rates that were clearly impacted by the Commission's final Order in ICC Docket No. 00-0700 but which are different from what AT&T/WorldCom witness Dr. Ankum calculates the rates should be by

applying the findings and conclusions of the final Order.¹ For example, at Part 19, Section 3, 5th Revised Sheet No. 40, Ameritech's proposed rate for a Basic Line Port (per port) and Ground Start Line Port (per port) is \$2.18. Based on AT&T/WorldCom's calculations using the Order's conclusions, that rate should be \$2.11 – seven cents lower than the rate Ameritech proposes.

At Part 19, Section 21, 3rd Revised Sheet No. 45, Ameritech has calculated a ULS-ST Blended Transport Usage rate of \$0.000415. According to AT&T's calculations based upon the Commission's Order in ICC Docket No. 00-0700, the rate should be \$0.000386. Similarly, the rate for ULS-ST Common Transport Usage should be \$0.000287 rather than the \$0.000304 rate filed by Ameritech.

B. Revised Rate Elements Unsupported By The Record

Also appearing in the tariff are changes to rate elements that do not appear to be supported by the record evidence in ICC Docket No. 00-0700. For example, appearing on 5th Revised Sheet No. 40 of Part 19, Section 3 are rate elements that Ameritech has revised allegedly to implement the Order in ICC Docket No. 00-0700, yet these rate elements do not appear anywhere in the evidentiary record as rate elements that would be affected by the cost studies at issue in ICC Docket No. 00-0700. Without more information, it is impossible for AT&T to determine whether a change to this rate is appropriate and, if it is, what the appropriate rate should be. Those rate elements and rates are:

Basic COPTS Port (per port)	--	\$4.37 ²
COPTS-Coin Line Port (per port)	--	\$4.37
ISDN Direct Port (per port)	--	\$6.11
Centrex Basic Line Port (per port)	--	\$2.18
Centrex ISDN Line Port (per port)	--	\$6.11
Centrex EKL Line Port (per port)	--	\$4.92
Centrex Attendant Console Line Port (per port)	--	\$4.75

¹ AT&T has attempted to obtain from Ameritech the cost runs/calculations Ameritech made based on the findings and conclusions contained in the final Order in an effort to amicably resolve any differences regarding what rate the Commission adopted. The models have not yet been received, although progress toward that end is being made.

² While Ameritech proposes a rate of \$4.37 for the Basic COPTS Port and the COPTS-Coin Line Port, footnote 1 on 5th Revised Sheet No. 40 indicates that this rate should be \$2.18 instead. This makes no sense.

Ms. Donna Caton
Page 3
September 19, 2002

C. Switching Rates That Were Not Revised But Should Have Been To Comply With the Commission's Order

Ameritech's "compliance" filing was also revised to insert some of the very same switching rates, listed below, that Ameritech proposed in the record. The Commission's Order in ICC Docket No. 00-0700 did not adopt Ameritech's switching proposals, however. Rather, it adopted Dr. Ankum's assumptions and conclusions. The following rates were *proposed* by Ameritech in the record and were simply copied into the "compliance" filing. These switching rates, however, suffer from many (if not all) of the same infirmities as Ameritech's proposed rates for Basic Line Port and Ground Start Line Port, which Ameritech has admittedly reduced based on the Commission's Order. Thus, these rates should be modified consistent with the Commission's Order in ICC Docket No. 00-0700:³

ISDN-Direct Port (per telephone number)	--	\$.06
DID Trunk Port (per port)	--	\$ 20.65
DID Trunk Port (per telephone number)	--	\$.06
ISDN Prime Trunk Port (per port)	--	\$158.57
per telephone number	--	\$.06
Digital Trunking Trunk Port (per port)	--	\$145.58
ULS Trunk Port (per DS1 port)	--	\$145.56

Ameritech Cross Connection Service	
Subsequent Training,	
per Company person, per hour	\$ 82.10
ULS Billing Establishment Charge	
per carrier, per switch	\$136.76 ⁴

³ These rates appear in Exhibit 1R, Tab 3 and/or Exhibit 3R, Tab 3 to the rebuttal testimony of Ameritech witness Mr. Palmer in ICC Docket No. 00-0700. These rates also appear in several places throughout the tariff attached to Advice No. IL-02-1262.

⁴ An initial rate of \$138.12 was established in ICC Docket Nos. 96-0486/0569 by taking the total ULS billing establishment costs and dividing the total cost by the number of switches to arrive at a one-time

⁴ An initial rate of \$138.12 was established in ICC Docket Nos. 96-0486/0569 by taking the total ULS billing establishment costs and dividing the total cost by the number of switches to arrive at a one time charge per switch. AT&T assumes this rate was reduced to reflect additional switches, but AT&T recommends a demonstration that this is the appropriate amount of the rate reduction.

D. Proposed Revisions Included In The Record That The Commission's Order Did Not Adopt

There are several rate elements that Ameritech proposes to revise⁵, but its proposed revisions were not adopted by the Commission's Order. Thus, these rate revisions are inappropriate and should be rejected:

Centrex System Features per Common Block	--	\$378.58
Centrex System features change or rearrangement, per feature, per occasion		\$ 68.93
Centrex System feature activation, install and remove per feature, per occasion	--	\$288.22
Centrex System feature activation, install only, per feature, per occasion	--	\$218.52

E. Provisions That Were Inappropriately Eliminated And Which The Commission Declined To Address

Ameritech has also inappropriately removed the ULS-ST Reciprocal Compensation Switching Rate previously defined at Part 19, Section 21, 4th Revised Sheet No. 37 and previously included as a rate element at Part 19, Section 21, 1st Revised Sheet No. 45. Ameritech's currently effective tariff -- which is effective until September 21, 2002 -- contains a ULS-ST Reciprocal Compensation rate of \$0.001100. During the proceeding, Ameritech made a reciprocal compensation proposal urging the Commission to adopt reciprocal compensation provisions requiring Ameritech to pay to terminating CLECs the same per minute charges that CLECs would pay to Ameritech when Ameritech terminates a ULS-ST call on its network. The Commission agreed with AT&T/WorldCom witness Dr. Ankum that:

issues of reciprocal compensation are better addressed elsewhere. Specifically, Dr. Ankum suggests, and we agree, that reciprocal compensation decisions, require extensive cost studies, that are not present in this docket. Faced with a dearth of evidence on this issue, we decline to reach a decision on the issue at this time.

Order at pp. 22-23. Thus, the Commission's Order could not be clearer: without the cost studies and additional record evidence on reciprocal compensation, we make *no decision*

⁵ See Palmer Rebuttal in ICC Docket No. 00-0700, Exhibit 1R, Tab 3.

either way on issues of reciprocal compensation and, consequently, order no changes whatsoever to the existing reciprocal compensation regime included Ameritech's currently existing tariff. As such, Ameritech's revision/removal of the ULS-ST Reciprocal Compensation rate element from its ULS-ST tariff was wholly inappropriate and violates Section 13-406 of the Illinois Public Utilities Act, which requires Commission approval of the withdrawal of a noncompetitive service.

Not only did Ameritech inappropriately eliminate the ULS-ST Reciprocal Compensation rate element from its ULS-ST tariff, *but also actually substituted a different reciprocal compensation rate in its place, in blatant and direct violation of the Commission's very clear directives.* Specifically, at Part 19, Section 21, 5th Revised Sheet No. 2, Ameritech has added an additional sentence to its ULS-ST tariff establishing a higher reciprocal compensation rate (i.e., higher than the pre-existing rate of \$0.001100 per minute of use) for local traffic that a CLEC purchasing ULS-ST must pay when it terminates a call to Ameritech. Specifically, the offending language states: "In the event the Carrier has not established a compensation arrangement with the Company, the Company will charge the Carrier the Commission approved tariff rate for end office termination found in ILL. C.C. No. 20, Part 23, Section 2 for traffic terminated by the Company from that Carrier." The bottom line is that the effect of this provision is to increase the reciprocal compensation rate the CLECs have been paying all along from \$0.001100 to \$0.003746, despite the fact that the Commission declined to make any findings and/or conclusions on reciprocal compensation issues given the lack of cost studies and record evidence and given the complexity of the issues. The offending revisions should be eliminated and the original language and rates reinstated consistent with the Commission's Order.

F. Miscellaneous

On the Part 19, Section 15 tariff sheets addressing the Provision of Combinations of Network Elements, the \$20.21 line connection charge is an interim rate element and rate, to which both Ameritech footnote 1 and Ameritech footnote 2 are applicable. Thus, the \$20.21 line connection charges appearing in Part 19, Section 15, 1st Revised Sheet Nos. 12, 13, 14, 15 and 16 should be revised to reflect that footnotes /1/ and /2/ are both applicable.

The second paragraph on Part 19, Section 3, 3rd Revised Sheet No. 1, the last paragraph on Part 19, Section 15, 6th Revised Sheet No. 3 and the last paragraph of Part 19, Section 21, 4th Revised Sheet No. 1.2 indicate that Ameritech is filing its tariff revisions under compulsion of the Illinois Commerce Commission and reserves all rights and remedies it may have relating to possible challenges to the Order in ICC Docket No. 00-0700 and the tariff revisions. This reservation of rights paragraph adds nothing

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substantive to the tariff and is not necessary in order for Ameritech to reserve its rights and remedies. It should be removed.

At Part 19, Section 3, 2nd Revised Sheet No. 6, Ameritech eliminates the ability of a CLEC to use line class codes in conjunction with the purchase of ULS-ST for the custom routing of Operator Services ("OS") and Directory Assistance ("DA") traffic. AT&T recommends that an explanation be provided as to how the Commission's Order supports this action. Similarly, support should be provided for the requirement that all end users utilize the same custom route for all OS traffic or all DA calls (Part 19, Section 3, Original Sheet No. 7.1), and the requirement that providing OS and DA over different trunk groups will result in the application of two separate "New Custom Routing of OS and/or DA traffic via AIN using ULS-ST, per route, per switch" charges (Part 19, Section 3, 1st Revised Sheet No. 36).

In sum, AT&T respectfully requests that the Commission initiate a proceeding to investigate Ameritech's tariff filing, without suspension, and that the Commission require in its order initiating the investigation that there be a true-up of the difference between all amounts the CLECs actually pay pursuant to Advice No. IL-02-1262 and the amounts the Commission ultimately determines the CLECs should have paid. This true-up should be calculated between the effective date of the tariff and the date the Commission issues its final order in the compliance investigation.

Very truly yours,


Cheryl Urbanski Hamill

CLU/mp

cc: Chairman Kevin K. Wright
Commissioner Ruth Kretschmer
Commissioner Terry S. Harvill
Commissioner Edward C. Hurley
Commissioner Mary Frances Squires
Mr. Tom Aridas
Mr. Torsten Clausen
Mr. John Hester
Mr. Jeff Hoagg
Ms. Julie Musselman
Mr. Patrick Phipps
Mr. Doug Price